

➤ **Q: What is input tax? What input taxes are creditable?**

A: The vat paid or borne by the vat taxpayers on their purchases of goods or taxable services shall be the input tax for the taxpayers.

The following input taxes can be credited against the output taxes:

- a. For taxpayers purchasing goods or taxable services (including purchase of raw materials, fuel, power, etc.), it is the vat indicated on the special vat invoices obtained from the sellers.
- b. For taxpayers importing goods, it is the vat indicated on the tax payment receipts obtained from the customs office.
- c. For taxpayers purchasing the tax-exempt agricultural products from agriculture workers and the tax may be computed on the basis of the payment shown on the sale receipts or invoices and 13% credit rate (formula: input tax = purchase value * 13%)
- d. For transportation expenses paid by taxpayers purchasing goods (excluding fixed assets) or selling goods, the creditable input tax is calculated based on the transportation expenses (excluding the loading and unloading expenses, insurance expenses related to transportation.) listed in the transportation payment vouchers (or invoices) and on a 7% credit rate (the formula is: input tax= transportation payment * 7%). But, the transportation expenses for purchasing or selling tax-exempt goods are not allowed for computing the input tax creditable.
- e. The enterprises making use of waste and used materials may compute their input tax by the purchase price times 10% rate (formula; input tax = purchase value * 13%)

The copyright and/or other intellectual property rights of China Business Engine including related text, images, charts, sound, animation, and videos, and their arrangement on the China Business Engine website, are protected by copyright and other protective laws.